

CONTRACT #11
RFS # 321.04-001

**Department of General
Services**

VENDOR:
GovDeals, Inc.

REQUEST: NON-COMPETITIVE AMENDMENT

RECEIVED

JAN 25 2007

FISCAL REVIEW

APPROVED

Commissioner of Finance & Administration

Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #	321.04-01
2) State Agency Name :	Department of General Services

EXISTING CONTRACT INFORMATION

3) Service Caption :	On-Line Auction Services
4) Contractor :	GovDeals, Inc.
5) Contract #	FA-02-14893-00

6) Contract Start Date :	April 1, 2002
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	March 31, 2007
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$1,050,000.00

PROPOSED AMENDMENT INFORMATION

9) <u>Proposed</u> Amendment #	3
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	April 1, 2007
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	September 30, 2007
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$1,100,000.00

13) Approval Criteria : (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state
	<input type="checkbox"/> only one uniquely qualified service provider able to provide the service

14) Description of the Proposed Amendment Effects & Any Additional Service :

This request is for a six month extension of the current five year on-line auction services contract which began on April 1, 2002 and expires on March 31, 2007.

15) Explanation of Need for the Proposed Amendment :

The RFP process to obtain a new contract for on-line services will not be completed by the time the current contract expires. Additional

tion is needed to complete the RFP procurement process.

16) Name & Address of Contractor's Current Principal Owner(s) :
(not required if proposed contractor is a state education institution)

Bob DeBardelaben, President GovDeals, Inc., 5913 Carmichael Place, Montgomery, AL 36117

17) Documentation of Office for Information Resources Endorsement :
(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :
(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

19) Documentation of State Architect Endorsement :
(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

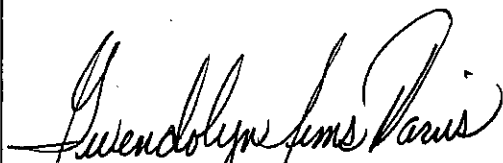
The department believes that an extension of the current contract is in the best interest of the State rather than changing contractors and run the risk of the Property Utilization Division holding surplus property longer than 30 days or the curtailing of this service on a temporary basis to authorized customers and the public. The State plans to contract for a continuation of services using the same rate structure as contained in the current contract. The contract will be cancelled, with appropriate notification, once the department has completed the RFP process and a new on-line auction services contract has been awarded.

21) Justification for the Proposed Non-Competitive Amendment :

The current contract vendor, GovDeals, Inc., was originally selected by following an RFP process. Since projected monthly contract cost (\$22,000) will be offset by projected average monthly revenues (\$54,563) resulting from internet sales the department is of the opinion that it would be in the best interest of the State to continue using the existing contract vendor on a short term basis.

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)


Guendolyn Sims Paris

1-23-07

Agency Head Signature

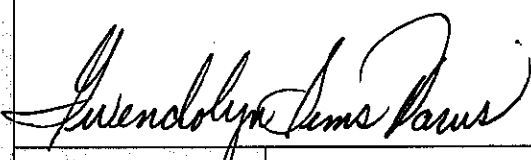
Date

REQUEST: RULE EXCEPTION

APPROVED

Commissioner of Finance & Administration

Date:

RFS #	321.04 — 001 — 07		
INFORMATION ABOUT THE EXCEPTION(S) REQUESTED			
SUBJECT RULE NUMBER(S) :			
"0620-3-3-.07(5)" for an exception permitting a contract term greater than five(5) years			
DESCRIPTION OF EXCEPTION(S) :			
The department seeks a rule exception to permit a six (6) month extension to the current five year on-line auction services contract which is scheduled to end on March 31, 2007.			
JUSTIFICATION : (compelling rationale for and validation of rule exception request)			
The department intends to improve on-line auction services; however, the RFP process to obtain a new contract will not be completed by the time the current contract expires. Therefore, additional time is needed to complete the RFP procurement process. We believe it would be in the best interest of the State to continue this service on a short term basis with the existing Contractor and at the existing commission rate. In our opinion this approach represents the most prudent course of action in maintaining estimated revenues to the State and in continuing this service to authorized customers and the public.			
INFORMATION REGARDING THE APPLICABLE CONTRACT			
CONTRACTOR :	GovDeals, Inc.		
SERVICE INVOLVED :	On-Line Auction Services.		
BEGIN DATE :	04/01/02		
END DATE (including ALL options for term extension) :	09/30/07		
MAXIMUM LIABILITY (including ALL options for term extension) :	\$1,100,000.00		
AGENCY HEAD REQUEST SIGNATURE: (signed by the procuring agency head or authorized signatory)			
	SIGNATURE DATE:	1-23-07	

**AMENDMENT THREE
TO CONTRACT NUMBER FA-02-14893-00
Between
THE STATE OF TENNESSEE, DEPARTMENT OF GENERAL SERVICES
AND
GOVDEALS, INC.**

This CONTRACT, by and between the State of Tennessee, Department of General Services, hereinafter referred to as the State, and GOVDEALS, INC., hereinafter referred to as the CONTRACTOR, is hereby amended as follows:

1. Delete Section B.1. in its entirety and insert the following in its place:
 - B.1. Contract Term. This Contract shall be effective for the period commencing on April 1, 2002 and ending on September 30, 2007. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

2. Delete Section C.1. in its entirety and insert the following in its place:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed ONE MILLION, ONE HUNDRED THOUSAND DOLLARS (\$1,100,000.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

3. Delete Section C.3. in its entirety and insert the following in its place:

- C.3. Payment Methodology. The Contractor shall be compensated based on the Service Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A. The Contractor shall be compensated based upon the following Service Rates:

<u>COMPLETED AUCTION SALES</u>	<u>PERCENT</u>
YEAR 1 – 04/01/02 TO 03/31/03	9.0%
YEAR 2 – 04/01/03 TO 03/31/04	8.5%
YEAR 3 – 04/01/04 TO 03/31/05	8.0%
YEAR 4 – 04/01/05 TO 03/31/06	7.5%

YEAR 5 – 04/01/06 TO 03/31/07	7.0%
YEAR 6 - 04/01/07 TO 09/30/07	7.0%

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service or project milestones for the amount stipulated.

4. Delete Section E.2. in its entirety and insert the following in its place:

E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:

Dale Turrentine, Director Property Utilization
Department of General Services
6500 Centennial Boulevard
(615)350-3373 Phone
(615)350-3379 Fax
E-Mail: Dale.Turrentine@state.tn.us

The Procuring Party:

GovDeals, Inc.
Tom Clark, Client Services Vice President
4825 Trousdale Dr., Suite 209
Nashville, TN 37220
(615)846-1150 extension 4 Phone
(615)846-1154 Fax
E-mail: tom@govdeals.com

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

The other terms and conditions of this CONTRACT not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

GOVDEALS, INCORPORATED:

BOB DEBARDELABEN, PRESIDENT

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY

DEPARTMENT OF GENERAL SERVICES:

GWENDOLYN SIMS DAVIS, COMMISSIONER

DATE

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. GOETZ, JR., COMMISSIONER

DATE

COMPTROLLER OF THE TREASURY:

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

DATE



**GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE**

320 Sixth Avenue, North – 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Rep. Charles Curtiss, Chairman
Representatives

Harry Brooks	Mary Pruitt
Curt Cobb	Donna Rowland
Bill Dunn	David Shepard
Dennis Ferguson	Curry Todd
Craig Fitzhugh, <i>ex officio</i>	
Speaker Jimmy Naifeh, <i>ex officio</i>	

Sen. Don McLeary, Vice-Chairman
Senators

Mae Beavers	David Fowler
Jim Bryson	Steve Southerland
Steve Cohen	
Douglas Henry, <i>ex officio</i>	
Lt. Governor John S. Wilder, <i>ex officio</i>	

M E M O R A N D U M

TO: The Honorable Dave Goetz, Commissioner
Department of Finance and Administration

FROM: Charles Curtiss, Chairman
Don McLeary, Vice-Chairman

DATE: June 29, 2005

SUBJECT: **Contract Comments**
(Contract Services Subcommittee Meeting 6/29/05)

RFS# 321.04-001

Department: General Services

Contractor: GovDeals, Inc.

Summary: The contract amendment allows for GovDeals to assist the Property Utilization Division with the disposing of unneeded property to the general public. The contract amendment increases the maximum liability by \$450,000. The contract amendment has a proposed beginning date of 8/1/2005 and ending date of 3/31/2007.

Original maximum liability: \$600,000

Maximum liability with amendment: \$1,050,000

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment.

CC: DM:LSC

cc: The Honorable Gwendolyn Sims Davis, Commissioner,
Department of General Services
Mr. Robert Barlow, Director, Office of Contracts Review

June 29, 2005

Chairman McLeary: Do we have a motion? Representative Shepard moves that the extension be approved. Senator Fowler seconded the motion, and it carried unanimously.

Contract 15 (RFS#321.04-001 - Department of General Services with GovDeals, Inc.) - Presenter - Mr. Leroy Richmond, Assistant Commissioner

Mr. Richmond: I have with me Mr. Dale Turrentine, the Director of the Property Utilization Division and Mr. Ron Plumb, our Director of Administrative Services. The Property Utilization Division is charged with the responsibility of disposing of state property declared surplus. This property is made available, not only to state departments and agencies, but to Tennessee city and county governments and the general public as well. One way we dispose of this property is through an Internet auction service, GovDeals. In early 2002, the Property Utilization Division competitively bid an on-line auction service to five responsive bidders. The contract covered five years and was awarded to GovDeals in an amount of \$240,000. In October 2003, the contract was amended to add an additional \$360,000 because the Property Utilization Division had been quite successful in using the on-line auction service. Now nearly two years later, the department is requesting an additional \$450,000 to this contract. This request is being made for two reasons: 1) the Forestry Division has a large number of heavy pieces of equipment declared as surplus. Their sales price is substantially higher than most items and consequently the price we pay for the auction service is higher. 2) The Department of Transportation has lowered mileage requirements on certain vehicles which has resulted in an increased number of vehicles that we sell through the GovDeals program. As a result of these factors, more items and more expensive items are being sold to donees and to the public through the on-line auction service. The more items we sell through this service, the more revenue is earned by the state, but consequently the more we have to pay GovDeals for the service we provide.

Representative Shepard: I move that the contract receive a favorable recommendation.

Chairman McLeary: Motion has been made by Representative Shepard, I second it. Voice vote was taken and the motion carried unanimously.

Chairman McLeary: That concludes the business of the Subcommittee. We will have a break until 1:30 and then come back for the full Committee.

RFS #		321.04.001		FA-02-14893-0302	
State Agency		State Agency Division			
General Services		Property Utilization			
Contractor Name		Contractor ID # (FEIN or SSN)			
GovDeals, Inc		<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V-		631241096-00	
Service Description					
Web based management on-line auction services					
Contract Begin Date		Contract End Date		SUBRECIPIENT or VENDOR?	
04/01/02		03/31/07		Vendor	
Mark Each TRUE Statement					
<input checked="" type="checkbox"/> Contractor is on STARS			<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts		
Allotment Code		Cost Center		Object Code	
321.04		1000		083	
Fund		Funding Grant Code		Funding Subgrant Code	
13					
FY		State		Federal	
2002				13,423.12	
2003				100,999.03	
2004				172,769.43	
2005				200,089.07	
2006				490,069.35	
2007				72,650.00	
TOTAL:				1,050,000.00	
— COMPLETE FOR AMENDMENTS ONLY —			State Agency Fiscal Contact & Telephone #		
FY		Base Contract & Prior Amendments		THIS Amendment ONLY	
2002		48,300.00		<34,876.88>	
2003		101,050.00		<50.97>	
2004		178,500.00		<5,730.57>	
2005		252,200.00		<52,110.93>	
2006		397,300.00		92,769.35	
2007		72,650.00			
TOTAL:		1,050,000.00		0	
End Date:		03/31/07		03/31/07	
Contractor Ownership (complete only for base contracts with contract # prefix: FA or GR)					
<input type="checkbox"/> African American <input type="checkbox"/> Person w/ Disability <input type="checkbox"/> Hispanic <input type="checkbox"/> Small Business <input type="checkbox"/> NOT minority/disadvantaged <input type="checkbox"/> Asian <input type="checkbox"/> Female <input type="checkbox"/> Native American <input checked="" type="checkbox"/> OTHER minority/disadvantaged—					
Contractor Selection Method (complete for ALL base contracts— N/A to amendments or delegated authorities)					
<input checked="" type="checkbox"/> RFP <input type="checkbox"/> Competitive Negotiation <input type="checkbox"/> Alternative Competitive Method <input type="checkbox"/> Non-Competitive Negotiation <input type="checkbox"/> Negotiation w/ Government (e.g., ID, GG, GU) <input type="checkbox"/> Other					
Procurement Process Summary (complete for selection by Alternative Method, Competitive Negotiation, Non-Competitive Negotiation, OR Other)					

5-25-06